GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

APCO- Sanction of financial assistance of Rs.70.00 crores towards Corpus Fund to APCO for supply of yarn by NHDC to APCO for providing continuous work to the weaver members of the Primary Weavers Cooperative Societies affiliated to APCO for production and procurement of cloth varieties – Orders – Issued.

INDUSTRIES AND COMMERCE (PROGRAMME.III) DEPARTMENT

G.O.RT.No. 361 Dated: 21-12-2018

Read:

From the DH&T, A.P, Amaravati,Lr.Rc.No.4129/2018-A, dt.26-09-2018.

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ORDER:

The Director of Handlooms & Textiles, A.P. Amaravati, in the letter read above, has stated that the Vice Chairman & Managing Director, A.P. State Handloom Weavers Cooperative Society Ltd., (APCO) has submitted a proposal to recommend to Government for providing financial assistance of Rs.70.00 crores towards Corpus Fund to APCO to utilise the same for purchase of yarn from National Handloom Development Corporation (NHDC) and to supply to weavers spread across the State for providing continuous work to weavers. The APCO is procuring the stocks from the Weavers Cooperative Societies and marketing the same through its outlets within and outside the State. The sale of Handloom products in APCO is categorised into two aspects viz, General Sales and Livery Sales. The varieties like Sarees, Dhoties, Lungies Towels and Bed sheets etc, are put for sale through APCO outlets named as, **"General Sales".** The Uniform cloth varieties which are supplying to Welfare Departments and Other Government Departments including Sarva Siksha Abhiyan Department are named as, **"Institutional Supplies" (or) "Livery Sales"**. As per the orders issued vide G.O.Ms.No.24, dt.24.03.2013 and G.O.Ms.No.142, dt.14.11.2013, all the Welfare Departments including Sarva Siksha Abhiyan Department are placing indents on APCO for supply of required cloth varieties.

2. In order to provide continuous and assured employment to weavers, huge quantity of raw material i.e. yarn is required to supply without any interruption. Due to various reasons the receipt of payments from Government Departments is badly delayed and as such it is effecting the production cycle of APCO. Due to paucity of funds the APCO is unable to supply yarn to societies and unable to provide continuous employment to Weavers throughout the year and unable to release the payments to Weavers Cooperative Societies against the procurement of cloth. Due to non supply of yarn to societies, the Weavers are migrating to other professions and sometimes sitting idle due to lack of continuous work. If yarn is supplied continuously, it is possible to provide employment to all the Weavers throughout the year and can arrest migration of Weavers from the profession.

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3. The Director of Handlooms & Textiles, has further stated that the APCO has taken all possible steps to procure new varieties from important handloom clusters and to improve sales through exhibitions/online shopping. The APCO is negotiating with AMAZON & FLIPKART for conducting online business in a big way by engaging the professionals.

4. The Director of Handlooms & Textiles, has also stated that all the above initiatives result in improvement in sale of Handloom products thereby of APCO business in big way and as such there is necessity for arranging continuous production and procurement of cloth varieties in large scale for which necessary yarn raw material is essential to supply as required by the societies and as per demand for clothing materials. In the process of production of cloth on Handlooms, the cost of yarn would be 60% to 65% of total value of cloth. Due to shortage of funds, the APCO is not in a position to procure and supply required yarn to the Societies so as to provide continuous work to Weavers. The APCO has furnished the details of orders received from Government Departments and requirement of yarn etc., which are detailed below:

(Rs. In Crores)

Sl. No.	Description	Approx. value of Orders received & expected to be received from Depts., per year	Approx. requirement of yarn per year
	LIVERY VARIETIES		
1	Orders from Welfare Departments	85.00	51.00
2	Orders from Sava Siksha Abhiyan Department	135.00	81.00
3	Orders from Local Bodies	20.00	12.00
4	Orders from Endowments, Women Development and Child Welfare and other Govt. Departments	10.00	6.00
	TOTAL	**250.00**	**150.00**
	GENERAL VARIETIES		
5	Procurement of General Varieties for sales through APCO outlets	50.00	30.00
	GRAND TOTAL	**300.00**	**180.00**
	10 % requirement of Yarn as buffer stocks		18.00
	TOTAL VALUE OF REQUIREMENT OF YARN PER YEAR		**198.00**

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5. The Director of Handlooms & Textiles, has further informed that the Government of Andhra Pradesh is providing 20% subsidy on procurement of cotton hank yarn and silk yarn for the yarn procured through National Handloom Development Corporation. Government is considering to increase the subsidy from 20% to 40%. The Government of India is also providing 10% price subsidy on procurement of cotton hank yarn through National Handloom Development Corporation. The supply of yarn input to Weavers at 40% total price subsidy resulting low production cost to compete in the open market. Thereby the saleability of Handloom products will certainly increase and it facilitates to provide continuous employment to Weavers throughout the year. The benefit of 40% Price Subsidy which is given in the shape of supply of yarn to weavers will also be extended to increase the wages of Weavers which will result to improve the socio economic status of Weavers. It is very much essential to maintain Corpus fund in APCO exclusively for supply of yarn. The Director has further stated that if APCO arranges un-interrupted supply of yarn it is beneficial to Weavers resulting Direct and Indirect employment to about 90,000 weavers and the earnings of Weavers may also be increased from Rs.10,000/- to Rs.15,000/- P.M. depending up on the skill of the Weaver and variety produced by them, the APCO has furnished the **'Modus operandi'** for the proposed Corpus Fund which is indicated below:

1. Yarn Indents will be obtained from all the Primary Weavers Coop. Societies for ascertaining the requirement of yarn for every month.
2. The consolidated indent of various counts of yarn will be placed with National Handloom Development Corporation (NHDC) for supply of Yarn.
3. The supply of Yarn to Primary Societies shall be made through the (8) yarn depots which are managed by APCO through Divisional Marketing Offices.
4. The value of yarn supplied will be recovered from the societies from out of the bills payable to societies against their supplies and the said recovered amount will be credited to the corpus fund account.
5. Separate Bank Account will be opened to maintain all the transactions of corpus fund and the remittances etc., and the accounts including GST transactions will be maintained properly by appointing one or two executives.

6. The Director of Handlooms & Textiles, on the proposal of the Vice Chairman & Managing Director, APCO has, therefore, requested the Government for providing financial assistance of Rs.70.00 crores for creation of corpus fund for purchase of yarn from NHDC and to supply to Weavers spread across the State and to avail the benefits of 40% subsidy being provided by Government of Andhra Pradesh and 10% Price Subsidy being provided by Government of India to provide continuous and assured employment to about 90,000 weavers throughout the year, thereby to increase the socio economic conditions of the Weavers under the following Head of Account by authorising the Director of Handlooms & Textiles, A.P., Amaravathi to draw and disburse the same:-

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2851-00 - Village and Small Industries
M.H.103 - Handloom Industries
G.S.H.11 - State Development Schemes
S.H.11 - Assistance for Livelihood Enhancement of Weaver
D.H.310 - Grants-in-aid
S.D.H.312- Other Grants-in-aid.

7. Government, after careful examination of the proposal, hereby sanction Rs.70.00 Crores (Rupees Seventy Crores only) from out of the budget available under SH (11) – Assistance for Livelihood Enhancement of Weavers to the APCO subject to transfer the required amount into the PD Account of the APCO from which the APCO can make payments directly to the vender through CMFS.

8. The Vice Chairman and Managing Director, Andhra Pradesh State Handloom Weavers Cooperative Society Ltd., (APCO) Vijayawada shall take necessary action accordingly in the matter.

9. This order is issued with the concurrence of Finance Dept., vide their U.O. No FIN01-FMU0ASD(IC)/8/2018,dt.14.11.2018.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

I.SRINIVAS SRINARESH
SECRETARY TO GOVERNMENT (HANDLOOMS &TEXTILES)

To
The Vice Chairman and Managing Director,
Andhra Pradesh State Handloom Weavers Cooperative Society Ltd., (APCO),
Vijayawada.
The Chief Executive Officer,
Comprehensive Financial Management System, Anjenaya Towers,
Ibrahimpatnam, Vijaywada.
The Regional Manager,
NHDC Ltd., Vijayawada.
The Commissioner,
I&PR Dept., Opp.CM Camp Office, Vijayawada.
The Finance (FMU-REV,INDS-COM) Dept., Govt., of A.P.,
The P.S to Hon'ble Minister for H&T,
The P.S to Hon'ble Chief Minister
The Director/Commissioner,
Handlooms and Textiles,
Yerrabalem, Mangalagiri, Guntur District
SC/SF

//FORWARDED::BY ORDER//

SECTION OFFICER